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The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

NIC 03208-88
20 October 1988

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Warning

SUBJECT: Highlights of Monthly Warning Reports for September 1988

Herewith are summaries of key warning issues compiled by the NIO for Warning from the monthly Intelligence Community meetings conducted by the NIOs in September. The judgments expressed are those of the Community unless otherwise noted. The NIOs' complete reports are attached.

Yugoslavia

Yugoslavia faces its most severe internal threat to stability since 1948.

- o The most immediate threat is from Serbian national assertiveness, which could trigger a backlash among the Slovenes and Croats, possibly leading to a major showdown over Yugoslavia's federal structure.
- o While the Community continues to believe that Yugoslavia will be able to avert full-scale internal crisis, our level of concern has increased sharply.

USSR

The Community sees several indications that Gorbachev is pressing his perestroika, or "restructuring," program into areas of Soviet life that thus far have been resistant to his efforts. Gorbachev has:

- o Increased pressure on the KGB to restructure by emphasizing its role as part of a "law-based" society and by placing more people beholden to him in the organization.
- o Placed new emphasis on improving the lot of the Soviet consumer, even if it means taking money away from the regime's industrial modernization campaign.
- o Endorsed proposals that have the potential to bring about a sea change in Soviet agricultural policy. The lack of infrastructure in the countryside to carry out the proposals, however, may prove a formidable obstacle.

Gorbachev apparently has become convinced that his economic reform program is doomed unless it can show the consumer greater material benefits. [redacted]

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Burma

Despite the military take-over, former party chairman Ne Win is still very much in charge behind the scenes.

- o There is a better than even chance that there will be another coup; popular unrest will not end until Ne Win is out of power.
- o US interests in Burma are unlikely to be adversely affected over the long term by political change. [redacted]

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Pakistan

Pakistan remains calm but uneasy after President Zia's death.

- o There are no changes in Pakistani policy toward the Afghan insurgents or the US.
- o Nonetheless, Pakistan is likely to face continued political turmoil after parliamentary elections, scheduled for 16 November, and the election of a president within 30 days thereafter. [redacted]

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Israel/Palestinians

The Palestinian uprising in the West Bank is likely to continue at current levels indefinitely.

- o The Israeli elections are likely to yield a Likud-led government that will take increasingly harsh measures against the Palestinians.
- o Only extreme, long-term US pressure would influence Likud. [redacted]

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Poland

The dramatic meetings between Solidarity leader Lech Walesa and regime officials have given way to a period of strategic maneuvering, as each side maneuvers for initial round table discussions. A wide gulf still exists between Solidarity's minimum goals and the maximum concessions the regime is likely to offer, and prospects remain poor for a genuine process of national reconciliation. [redacted]

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The National Intelligence Officer for Warning believes that Poland may have entered a highly uncertain period that could harden the regime's impasse with Solidarity and the Church, thereby sharply increasing the chances of a new wave of strikes and breakdowns in public order in the next six months. [redacted]

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